

MARKETING RESEARCH

Information has always been regarded as a natural critical component in making decisions in human life and every management and of course marketing decision situation. Information in marketing can be used to know the market, to evaluate all the opportunities and the threats, to consider the strengths and weaknesses, to know the product, to formulate the mission and to set the strategy and finally to be able to control and measure the performance of the whole marketing effort.

Information-processing behavior of the organization has been an issue of the theoretical concern for more than a hundred years – when the first attempts to observe and theorize about management and organizational behavior appeared. We can talk about the direct and bound relation and connection between information and business success.

Information -processing behavior consists of four dimensions centering on:

1. information determination - is the actual identification of the marketing manager` s information needs. This is the crucial step since the way managers define the marketing problem and what information is really wanted and needed will largely affect the result of the company` s future operations. There are also the number of specific factors which have to be considered together with the information determination – *availability, time, cost versus benefit, uncertainty and cost of error.*
2. information acquisition – is the collection of information for the purpose of detecting and/ or solving a specific marketing problem. This process is closely connected with the previous stage of identifying information needs and is expressed in terms of the sources available when gathering information. We can distinguish certain types of information sources:
 - a/ primary* - for the first time to serve the specific purpose in hand [e.g. market research surveys]
 - b/ secondary* - *already collected for another purpose*
 - c/ formal* – the data/gathering process is characteriyed by formal actions [e.g. focus group discussion]
 - d/informal* – there is a casual approach to data collection [e.g. salespeople` s interactions with customers]
 - e/ internal*
 - f/ eternal*
 - g/tacit* – that is implicit know/how or a social relationship accumulated after years of personal experience
 - h/ explicit* – knowledge which is acquired through conscious attempts involving either formal or informal sources of information.
3. information dissemination – is the degree to which information is diffused among relevant users within the organiyation as a whole. It may occur formally – through established communication channels, or informally, it can work top/down, bottom/up, horizontal or diagonal.
4. information utilization – is the process of the actual use of the information in the making of decisions.
5. marketing performance – which is influence on the one hand by the previously mentioned information-processing activities and - on the other hand it functions as a mirror of these activities.

These five steps of information-processing behavior constitute the pivotal part of one very important tool in marketing management - i.e. **MARKETING RESEARCH**.

Definition - AMA:

Marketing research is the function which links the consumer, customer and public to the marketer through the information – information used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve our understanding of marketing as a process.

This definition indicates that marketing research provides information to the organization in at least four areas:

1. the generation of ideas for marketing action, including the identification of marketing problems and opportunities
2. the evaluation of marketing actions
3. the comparison of performance versus objectives
4. the development of general understanding of marketing phenomena and processes

The results of marketing research can be used for planning, for problem solving, for control etc.

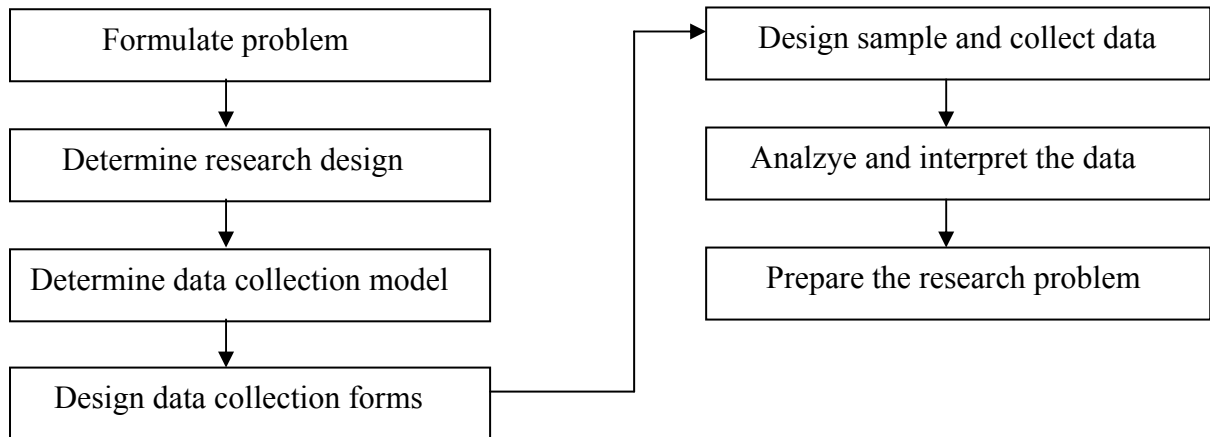
Marketing research is a part of so-called Marketing information system – MIS or Marketing intelligence. Philip Kotler was the first person who explained how a firm could create a separate area for its computer resources dedicated to supporting marketing activities in 1966 (so called “marketing nerve centre”).

MARKETING INFORMATION SYSTEM is a organized set of procedures and methods for the regular, planned collection, analysis, and presentation (or we can say capture, sort, analyze, store and distribute the flow) of information for use in making marketing decisions. The key word in the definition is “regular” since the emphasis in the MIS is to produce information on a recurring basis rather than on the basis of one-time research studies or actions.

MIS should be used together with the **DECISION SUPPORT SYSTEM** which includes software to assist in making certain kinds of decisions. The ideal model of so called **MARKETING INTELLIGENCE** comprises MIS and DSS connected with other existing information system intra organization together with the environment – e.g. internet. This means to link Marketing intelligence to other Business intelligence, so the organization can enjoy the benefits of sharing data among various functions and levels of the organizations.

Marketing research is a **PROCESS** which in details is unique as well as every concrete task is unique. Nonetheless, for better understanding the theory offers a sequence of steps called the **RESEARCH PROCESS**, which can be followed when designing the research project. It really just **CAN** be, not **MUST** be followed; it means that the steps neednot to be proceed in a lockstep fashion. It allways depends on the concrete situation, although it has to be stressed that the steps are highly interrelated. A decision made at one stage will affect decisions at each of the other stages, and a revision of the procedure at any stage requires modofications of procedures at each of the other stages.

STAGES IN THE RESEARCH PROCESS:



FORMULATE PROBLEM – only when the problem is precisely define can research be designed to provide righ and needed innormation. This step has to be connected with the information determination mentioned above.

The basic task in this step is to transalte the decision problem into a research problem. The decision problem involves what needs to be done and the research problem involves determining what information should be provided in order to make the decision on what needs to be done and how that information can best be secured.

One useful mechanism for making sure that the real decision problem will be adressed by the research is to execute a research request step before preparing research proposal. This usually means that the decision maker and researcher meet together, the decision maker describes the problems that is needed a nd the researcher then drafts a statement describing his or her understanding of the problem. Anyway it doesnt happen allways.

But what is something like a “must” is the formulation of the research proposal which includes project title, marketing problem, purpose and limits of the project (i.e. what is going and what is not going to be investigated), formulation of hypotheses or questions, data sources and research methodology – briefly stated, estimation of time and personnel requirements and cost estimates.

Examples:

DP

Develop package for a new product

Increase amount of repeat purchasing behavior

Increase market penetration through the opening of new stores

RP

Evaluate effectiveness of alternative package designs

Asses current amount of repeat purchasing behavior

Evaluate prospective locations

Typical questions are:

What is a purpose of the study – to solve a problem? To identify an opportunity?

DETERMINE RESEARCH DESIGN – the choice of research design depends on how much is known about the problem. If relatively little is known about the phenomenon to be investigated, or the problem is too broad or vague, EXPLORATORY RESEARCH will be used. It is mostly for these purposes:

- formulating a problem for more precise investigation
- developing hypotheses
- establishing priorities for further research
- clarifying concepts etc.

Among various types of the exploratory studies the literature search, experience survey, focus group or analysis of cases belong.

On the contrary, if the problem is precisely formulated and most of the other relevant related information is known, DESCRIPTIVE OR CASUAL RESEARCH is needed. The descriptive design emphasizes determining the frequency with which something occurs or the extent to which variables covary. It is usually used for:

- description of the characteristics of certain groups
- estimation the proportion of people who behave in a certain way etc.

Descriptive studies can be: longitudinal (true panels which rely on repeated measurements of the same variables and omnibus panels – these are fixed samples of respondents who are measured repeatedly over time but on variables thjat change from measurement to measurement) and cross-sectional (so called sample survey). This type of studies is the best known and most important descriptive designs though it is quite expensive in terms of money and time and requires a good deal of technical skill. The objective is to establish categories and the emphasis is on the generation of summary statistics such as averages and percentages.

The casual design uses experiments (laboratory and field experiment – so called market test) to identify cause-and-effect realtionships between variables.

It happens quite often that two or even all the three types of research are mixed together – mostly it is the eploratory and descriptive research.

Typical questions are:

How much is already known?

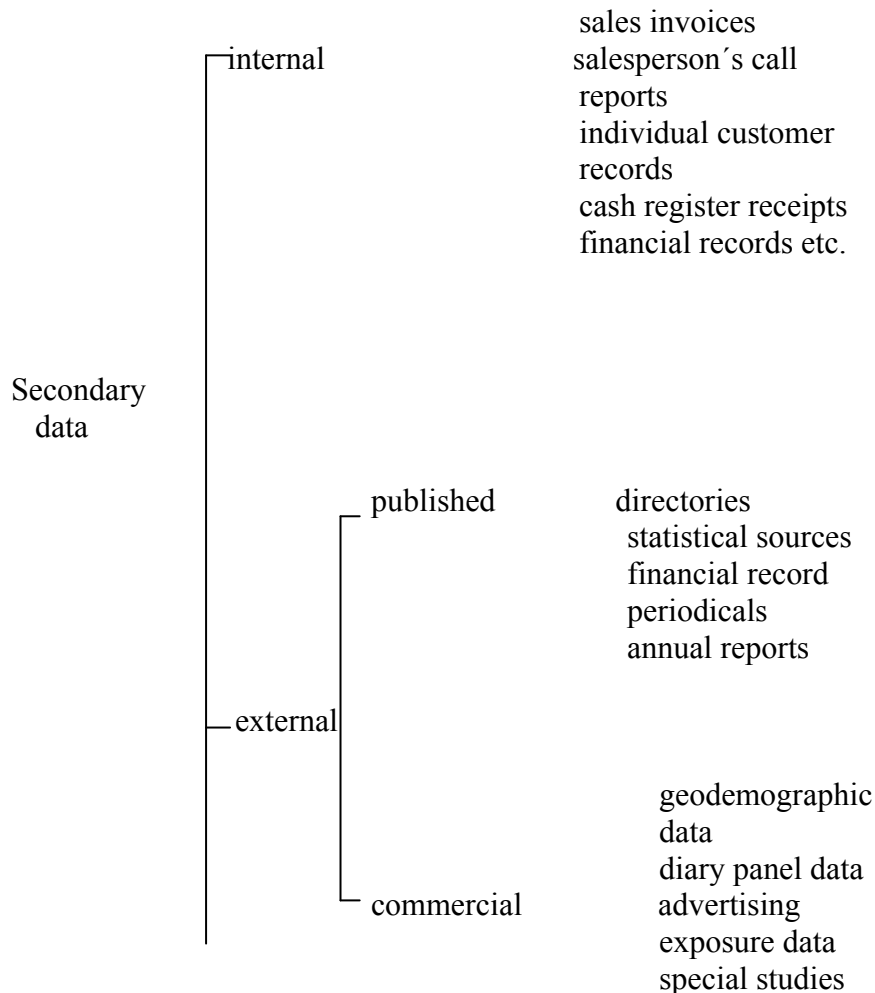
Can a hypothesis be formulated?

What types of questions need to be answered?

DETERMINE DATA COLLECTION METHOD

+ DESIGN DATA COLLECTION FORMS – are two steps connected with the above mentioned information acquisition. Even though the information sources are defined and evaluated, there is still space for further consideration concerning the way of gathering and administered the data form the sources [e.g. observation or questionnaire; personally or electronically...].

First attempts at data collection usually mean to focus on secondary data. For some marketing problems secondary data can give nearly all answers, in some cases they can determine the way which the researcher will use for the research. The most significant advantages of secondary data are the time and money they save. But there are also problems – secondary data quite often do not completely fit the problem and they are not totally accurate.



Secondary internal data –mostly the sales and cost data represent promising information for many research problems – such as evaluation of past marketing strateg or assessment of the firm’s competitive position in the industry – and they can serve as a foundation for planning other research. For instance from the sales invoice we can extracted the following information:

- customer name and location
- products or service sold
- volume and financial amount of the transaction
- salesperson responsible for the sale
- customer industry, class of trade
- channel of distribution

- transportation used in shipment
- terms of sale and applicable discount etc.

Another useful, but often overlooked, source of internal secondary data is or are prior marketing research studies on related topics.

Among the sources of commercial secondary data we can mention for instance panel surveys and customized measurement of the Czech company INCOMA <http://www.incoma.cz>, multinational research company gfk – <http://www.gfk.cz>

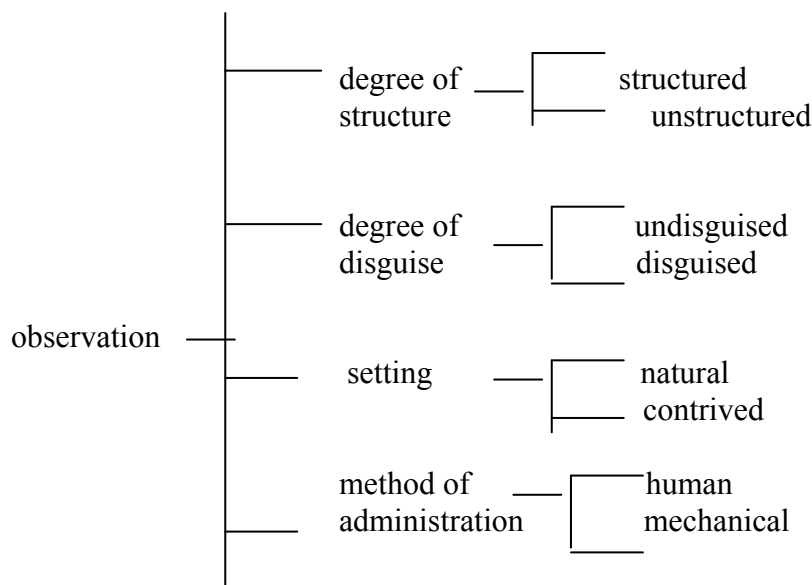
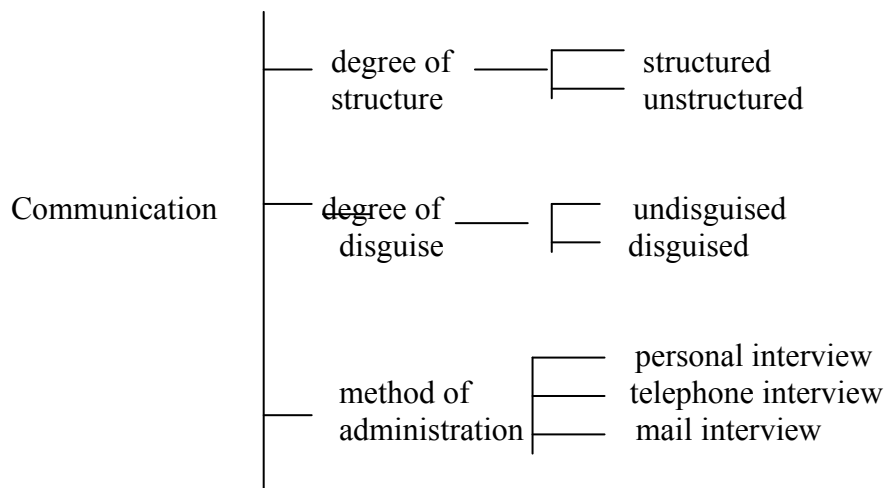
Types of primary data:

- demographics/socioeconomic characteristics – age, sex, education, occupation, marital status, income, social class... These data are often used to delineate target segments.
- Psychological/lifestyle characteristics – personality (means the normal patterns of behavior exhibited by an individual, which affect the way the customer or consumer in the marketing process behave), lifestyle or psychographic analysis (investigate how people live, what interests them and what they like – these analyses rely on a number of statements about a person's AIO - A – activities – work, hobbies, vacation, entertainment, shopping, social events..., I – interests – family, home, job, community, fashion, food, media..., O – opinions – themselves, politics, products, future, politics, economics... Combined with the value analysis we can speak about the VALS research.
- Attitudes – an individual's preferences, inclination, views, feelings toward some phenomenon
- Awareness/knowledge – refers to what respondents do or do not know about some object of phenomenon (e.g. of product, its features, price, availability, country of origin, way and purpose of use etc.)
- Intentions – refer to the individual's anticipated or planned future behavior (e.g. in buying behavior it could be important to find out if the individual the certain product – definitely would buy, probably would buy, is still undecided, probably would not buy, definitely would not buy....)
- Motivation – is a need, a want, a drive, a wish, a desire, an impulse, or any inner state that energizes, activates, moves and directs the behavior toward goals. For marketing researcher is very important to find out why people act as they do and what drives them to act so – because of the smell, of the music, of the light, of the variety of assortment, of the salesperson look....?
- Behavior – concerns what subjects have done or are doing. Behavior is a physical activity which takes place under specific circumstances, at a particular time, and involves one or more actors. The marketing research is interested in a description of the activity and its various components connected with the answers to the questions : what and how much, how, where, when, who

Obtaining the primary data

There are two ways how to obtain primary data: communication and observation.

Communication involves questioning respondents to secure the desired information, using a data collection instrument called questionnaire. Observation means that the situation of interest is scrutinized, and the relevant facts, actions, or behaviors are recorded.



A highly structured questionnaire is one in which the questions and the responses are completely predetermined, while a highly unstructured questionnaire is one in which the questions are only loosely predetermined and respondents are free to respond in their own words and in any way.

A disguised questionnaire attempts to hide the purpose of the study, whereas an undisguised questionnaire makes the purpose of the research obvious by the questions posed.

The greatest advantages of the structured-undisguised questionnaires are that they are simple to administer and easy to tabulate and analyze. But for instance fixed-alternative questions (or closed questions) may force to answer to a question on which the respondent has no opinion or the offer of responses does not cover his or her real fit.

The unstructured – undisguised questionnaire is distinguished by the fact that the purpose of study is clear but the response to the question is open-ended. The interview using this type of questionnaire is called “depth-interview”.

Unstructured-disguised questionnaires lie at the heart of what has become known as motivation research. Projective methods are used for this type of questionnaire (i.e. it contains some stimuli that force subjects to rely on their own emotions, needs, motivations, attitudes and values). We can mention “word association”, “sentence completion” or “storytelling” using pictures or photos as a stimuli.

Structured-disguised questionnaire are the least used in marketing research.

There are some advantages and disadvantages with the method of administration of the communication data collection. These are:

Advantages:

a) in-home personal interview

- probably highest response rate
- best for getting response from specific, identified person
- permits easy use of visuals

b) mail

- sampling frame easily developed
- ensures anonymity of respondents
- wide distribution possible
- generally least expensive

c) telephone

- relatively low cost
- relatively strong response rates
- very quick method
- allows easy use of computer support

Disadvantages:

- relatively slow method
- difficult to find specified individuals for the sample
- most expensive method

- very little control in securing response from specific individual
- cannot control speed of response
- researcher cannot explain ambiguous questions
- respondents can view entire questionnaire as they respond

- cannot use visual aids
- difficult to establish representative sampling frame and to control the right respondent
- does not handle long interview well

Structured observation applies when the problem has been defined precisely enough so that the behaviors that will be observed can be specified beforehand and specific categories and units that will be recorded have to be determined. With the unstructured observation a great deal of flexibility is allowed.

In undisguised observation the subjects know they are being observed; in disguised observation they do not – for instance it is mystery shopping. Disguised observations may be direct or indirect. An example for indirect observation is counting the inventory on hand by brand at the end of each day and adjusting the results for shipments for the next term. Direct observation can be for instance taking the snapshots or video of customers in shops.

Observations may be obtained in either natural or contrived setting. The natural setting is the environment where the behavior normally takes place and the contrived setting is the environment that has been specially designed for recording the behavior.

We can mention some mechanical tools for observation. Beside the videocameras or cameras there are such devices like the galvanometer (it measures the emotion induced by exposure to a particular stimulus by recording changes in the electrical resistance of the skin – e.g. advertising copy); voice-pitch analysis (very similar to galvanometer – it examines changes in the relative vibration frequency of the human voice that accompanies emotions); tachistoscope (a device that provides the researcher timing control over a visual stimulus – it is often used in recall or recognition testing of advertising. After each exposure, the subject is asked to describe everything he or she saw and to explain what it meant); eye camera (it helps to study a subject's eye movements while he or she is reading for instance advertising copy) and finally the brain-wave research.

There are some advices for preparing a right and proper questionnaire, e.g. we have to specify what information will be sought (will they give us the right answers to our problem?), determine the form of response, use simple and unambiguous words (for instance words like “often” or “sometimes” in responses or questions are very ambiguous because the response could be made on a very individual base). We should also avoid so called leading questions (they give the respondent a clue as how to answer, generalizations and estimates (e.g. “how many”). It is also important to determine the question sequence – for instance to use simple and interesting opening questions and difficult or sensitive questions late or last; to determine physical characteristics of questionnaire (which can influence respondent's cooperation as well as handling with questionnaire during the investigation and during the processing). Questionnaire should be also pretest.

It is also necessary to decide which scale of measure would fit for the purpose of research (nominal – which implies identity male/female, occupations..., ordinal – preference for brands, graded quality..., interval – attitude toward brands..., ratio – number of purchasers, unit sold...).

For measuring the attitudes, perceptions and preferences there are some special techniques for measuring and recording the information. Among them we can mention the Likert scale (a summated ratings scale) – which is one of the most used techniques allowing respondents to express the intensity (or the degree) of their feelings; the Semantic-Differential scale used mostly in corporate, brand or product – image studies (the subjects are asked to check which cell or point between a set of bipolar adjectives or phrases best describes their feelings toward the object); stapel scale (is a modification of the semantic-differential scale in which the respondents are asked to indicate how accurately each of number of statements describes the object of interest. In this case adjectives or phrases are tested separately, points on the scale are identified by number and there are more points on the scale.); graphic-rating scale – individuals indicate their rating by placing a check at the appropriate point on a line that runs from one extreme to another; the itemized-rating scale (where points on the line or scale are verbalized or described – for instance i feel ... delighted- pleased-mostly satisfied-mixed-mostly dissatisfied – unhappy – terrible); “sad-to-happy-faces” scale or multidimensional scaling.

Typical questions are?

What is to be measured and how?

Are there any legal restrictions on data collection methods?

Should structured or unstructured items be used to collect the data?

Should the purpose of the study be made known to the respondents?

What specific behaviors should the observers record?

Should rating scales be used in the questionnaires?

DESIGN SAMPLE AND COLLECT DATA – after determining HOW the needed information will be collected, the researcher must decide what group will be observed or questioned. This is a SAMPLE.

In designing the sample, researchers must specify:

1. the sampling frame, which is a list of population elements from which the sample will be drawn;
2. the sample selection process;
3. the size of the sample.

Typical questions are?

Who is the target population?

How should the sample be selected?

Who will gather the data?

How long will the gathering of the data take?

What methods will be used to ensure the quality of the data collected?

ANALYZE AND INTERPRET THE DATA – is the step when the “mountain” of data is analyzed and the results are interpreted in light of the problem at hand. Data analysis generally involves several steps. First, the data collection forms must be scanned to be sure that they are complete and consistent and that the instructions were followed. This step is called editing. After that the forms must be coded, which involves assigning numbers to each of the answers so that they may be analyzed by computer. The final step is tabulation. This refers to the orderly arrangement of data in a table or other summary format achieved by counting the frequency of responses to each question. At this point the data may also be cross-classified by other variables, e.g. by age-group, income level etc.

The design of this step is common for most of the research projects, although there are some marketing problems which can be processed differently. For instance some of so-called qualitative research can use only the narrative analyses.

Typical questions are?

How will the data be coded?

What analysis techniques will be used?

PREPARE THE RESEARCH REPORT - research report is a document that summarizes the research results and conclusions

Typical questions are?

How should the report be structured?
Is a written report necessary?